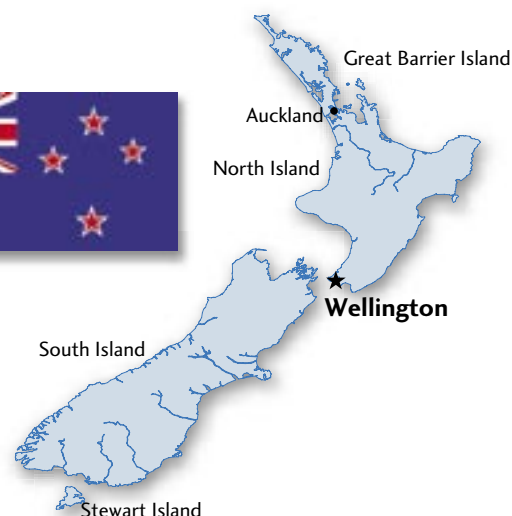


New Zealand

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New Zealand has recently become known more for hobbits and other creatures from *The Lord of the Rings*, but the reality is that New Zealand is a two-island nation of about 4 million citizens, with a unique international flavor and a penchant for recognizing commercial opportunities. As a small country, international trade is essential to New Zealand, and the government makes doing business "down under" very easy, with low or no import duties. New Zealand plans to eliminate most tariffs by 2005, with minimal tariffs remaining on certain products.

New Zealand represents an ideal destination for various new-to-export companies. Like Australia, New Zealand is a strong and stable democracy, and business practices are similar to those in the United States. The United States is New Zealand's third-largest export destination and third-largest source of imports, behind Australia and the European Union. In 2001 New Zealand's total trade with the United States accounted for 15.4 percent of total trade. New Zealand, in turn, ranks 40th as a destination for U.S. exports. U.S. imports are faring better in the marketplace with an increase in the U.S.-New Zealand dollar exchange rate to \$1.80 after a six-year decline that saw a low of \$2.56.

Inflation rose last year by 1 percent to 2.8 percent, which caused the Reserve Bank to raise interest rates to 5.75 percent. This, however, has not slowed economic growth. New Zealand's economy is very robust, and the previously low exchange rate aided the country's top export group, agricultural products.

The building industry is also affected by interest rates. The country and Auckland in particular have experienced a steady increase in new housing construction as well as an increase in property prices. This is due to cyclical trends as well as an increase in net migration.

Auckland, which has approximately 1.1 million people, is the commercial center of New Zealand. The capital, Wellington, has a population of 414,000. The other major center is Canterbury in the South Island with

a population of 468,000. The population of New Zealand is predicted to grow to 4.81 million people by 2051, with half older than 45 and one in four over 65 years old. The current unemployment rate remains near its historic low of 4.9 percent.

New Zealand offers opportunities in numerous sectors. The U.S. Commercial Service has focused on the following areas:

- Information and communications technology
- Franchising
- Tourism
- Environmental technologies.

INFORMATION AND COMMUNICATIONS TECHNOLOGY

New Zealand has a very competitive information and communications technology market, with a range of equipment and software companies

NEW ZEALAND: FACTS AND FIGURES

Total area: 268,680 square km (roughly the size of Colorado)
Population: 3.9 million
GDP: \$64 billion (2003 forecast)
GDP growth: 2.4% (2003 forecast)
Inflation: 1.7% (2003 forecast)
GDP by sector: services 69%, industry 23%, agriculture 8%
Main industries: food processing, wood and paper products, textiles,

machinery, transportation equipment, banking and insurance, tourism, mining

Currency: New Zealand dollar

Exports: dairy products, meat, wood and wood products, fish, machinery

Imports: machinery and equipment, vehicles, aircraft, petroleum, electronics, textiles, plastics

Languages: English, Maori

Sources: CIA, EIU.

supplying both the domestic market and niche markets overseas. New Zealanders are enthusiastic early adopters of new technologies. In 2002, 90 percent of New Zealand's businesses regularly used computers, while 40 percent operated a Web site. New Zealand receives many inquiries from United States information and communications technology firms and has a very high success rate in facilitating agent and distributor relationships.

FRANCHISING

The latest Franchising Association of New Zealand survey of franchising shows 16-percent growth annually of franchise start-ups in New Zealand, with 768 new units opening in the 12 months prior to the survey. Overall respondents reported an impressive 20-percent increase in comparison with figures listed in last year's survey. There are an estimated 300 systems operating in New Zealand, putting total revenue at around \$10 billion and the number of people working in the franchising sector at about 70,000, based on revenue and staffing averages. Auckland is the franchising capital, with 33 percent of the franchise units in the survey based there. Christchurch has 13 percent and Wellington 11 percent.

TOURISM

Tourism in New Zealand has been spurred by the massive international publicity generated by *The Lord of the Rings* trilogy of movies, which were all shot in New Zealand, as well as the worldwide interest in the America's Cup (see below). New Zealand has 15,134 kilometers of picturesque coastline as an added bonus when traveling to world-class skiing, hiking, sailing, extreme sports, freshwater and saltwater fishing, and other adventure activities.

Tourism numbers continue to increase and, along with them, the demand for premium accommodations. In 2002, 6.8 million visitors graced the shores of New Zealand, and this number is

expected to increase. This jump in tourism will, in turn, increase the need for high-quality hotels and hospitality services. Several of the new boutique luxury hotels are U.S.-owned.

THE AMERICA'S CUP

February 2003 marked the 31st defense of the oldest prize in yachting, the America's Cup. The event drew eight international syndicates to earn the right to challenge the defending champions, Team New Zealand. To capitalize on this international event, the U.S. Commercial Service in New Zealand hosted a U.S. marine catalog event and fashion show and luncheon. The participants were well received by those attending the event. The fashion show resulted in additional sales for participating companies.

Despite the loss of the America's Cup to the Swiss, the international community has had the opportunity to see first-hand the numerous benefits of this market. New Zealand is emerging as an industry leader in super yacht design and construction. There is quality workmanship in all sectors available in New Zealand at a fraction of the cost of other locations.

ENVIRONMENTAL TECHNOLOGY

With the signing by New Zealand of the Kyoto Protocol in December 2002, the environmental sector has moved to the forefront of issues in New Zealand. The Environment 2010 Strategy prepared by the Ministry for the Environment identified nine key environmental areas on which New Zealand must focus to justify its claim as a "clean green" country. They are biodiversity, ozone, pests/weeds/diseases, climate change, pollution/wastes and hazardous substances, energy, land, fisheries and water. Inquiries from this sector have been steadily increasing.

For more information about doing business with New Zealand, see the latest *Country Commercial Guide* at www.usatrade.gov/newzealand,

or e-mail auckland.office.box@mail.doc.gov.

SO WHAT CAN WE DO TO HELP YOU?

Time and distance need not be deterrents to doing business in these friendly markets. The U.S. Commercial Service in Australia and New Zealand is ready and willing to help facilitate business cultivation and transactions in Australasia. When planning a trip "down under," Commercial Service staff can do the groundwork so that meetings are more effective through the Gold Key Service.

Failing a trip to Australasia, basic market research can be provided in 24 hours or less through the Express Service, free of charge. Meetings can also take place via video market briefs or by videoconference. Other programs that are offered are available at www.buyusa.gov/australia or www.buyusa.gov/newzealand.

In addition, under the new regional Paradise program, the Commercial Service staffs of Australia and New Zealand have teamed up with their counterparts in Singapore to ensure that one stop in the region is suitable for the three countries. These three countries have many similarities, such as transparency in the marketplace and government procurement, widespread use of the English language, and legal and business practices similar to those in the United States. In short, these three countries are excellent options for an initial entry for many small and medium-sized companies into the Asian region. ■